

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE FIFTY-SECOND
INTERIM APPLICATION AND THE FINAL APPLICATION OF CAPLIN &
DRYSDALE, CHARTERED, COUNSEL TO THE OFFICIAL COMMITTEE OF
ASBESTOS PERSONAL INJURY CLAIMANTS, FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES; AND OF ELIZABETH WARREN, SPECIAL
BANKRUPTCY CONSULTANT TO CAPLIN & DRYSDALE, CHARTERED**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fifty-Second Interim Fee Application and the Final Application of Caplin & Drysdale, Chartered, Counsel to the Official Committee of Asbestos Personal Injury Claimants, for Compensation and Reimbursement of Expenses; and of Elizabeth Warren, Special Bankruptcy Consultant to Caplin & Drysdale, Chartered (the “Applications”).

BACKGROUND

1. Caplin & Drysdale, Chartered (“Caplin & Drysdale”), was retained as counsel to the Official Committee of Asbestos Personal Injury Claimants. In the Applications, Caplin & Drysdale seeks approval of fees and expenses as follows: fees totaling \$98,303.25 and expenses totaling \$584.01 for its services from January 1, 2014, through February 3, 2014 (the “Fifty-Second Interim

Period”); final approval of fees totaling \$22,510,174.75¹ and expenses totaling \$3,932,840.61² for its services from June 13, 2001 through February 3, 2014 (the “Final Application Period”); and final approval of fees totaling \$4,725.00 for the services of its bankruptcy consultant, Elizabeth Warren.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We emailed an inquiry to Caplin & Drysdale based upon our review, and we received a response from Caplin & Drysdale, portions of which response are quoted herein.

DISCUSSION

¹We note that the total of the fees requested in Caplin & Drysdale’s 49 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, and the fees awarded in the Sealed Air Adversary Proceedings (*see* paragraph 6), is \$22,510,174.75. It does not appear that Caplin & Drysdale has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure it seeks of \$22,510,174.75. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

²We note that the total of the expenses requested in Caplin & Drysdale’s 49 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$3,932,840.61. It does not appear that Caplin & Drysdale has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure it seeks of \$3,932,840.61. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

Fifty-Second Interim Period

3. We note for informational purposes that Caplin & Drysdale billed the time of attorney Elihu Inselbuch at \$1,100.00 per hour. During the Application Period, Mr. Inselbuch billed 3.60 hours on the case, for \$3,960.00 in fees.

4. We have no issues with, or objections to, Caplin & Drysdale's fees and expenses for the Fifty-Second Interim Period.

5. Thus, we recommend approval of \$98,303.25 in fees and \$584.01 in expenses for Caplin & Drysdale's services for the Fifty-Second Interim Period.

Sealed Air Fees

6. We note that included in Caplin & Drysdale's final fee request are fees totaling \$970,548.50 which the Court approved for Caplin & Drysdale in fraudulent conveyance Adversary Proceeding Nos. 02-2210 and 02-2211 (the "Sealed Air Proceedings"). We did not review these fees and expenses, and we therefore make no recommendation, and take no position, concerning their final approval in this report.

7. We did, however, note a discrepancy between the amount Caplin & Drysdale was seeking for the Sealed Air Proceedings and the amounts awarded to Caplin & Drysdale in the two fee orders for the Sealed Air Proceedings. In addition, we noted a \$283.00 fee request which appears on both orders and appears to be a duplicate. A copy of the two Sealed Air fee orders are attached to this report as Exhibits A and B. When the amounts awarded to Caplin & Drysdale in the two orders are added together, the total fee award is \$969,362.50, rather than the \$970,548.50 sought in the Final Application, with the difference being \$1,186.00. We asked Caplin & Drysdale about this discrepancy, as well as what appeared to be a duplicate fee award for \$283.00, and Caplin &

Drysdale responded:

First, the total amount of fees requested by Caplin & Drysdale regarding the Sealed Air adversary action is \$970,498.50. The amount requested in the Application reflects a \$50.00 typographical error.

Secondly – see attached – although neither of the two filed orders reflects this amount, Caplin & Drysdale requested \$1,419.00 in fees in its 9th Quarterly Fee Application (Oct.-Dec. 2004) regarding the Sealed Air adversary matter. Eighty percent of that amount was paid pursuant to our monthly application. The remaining \$283.00 – the holdback – was paid once, on April 21, 2005. We don't know why that amount was listed in both orders.

We understand Caplin & Drysdale's response to be that, instead of \$283.00, the correct amount of the fee award for that period was \$1,419.00, and that the second listing of \$283.00 on the other fee order was not only inaccurate, but a duplicate. We have attached the application provided by Caplin & Drysdale as Response Exhibit 1 and note that, consistent with Caplin & Drysdale's response, fees of \$1,419.00 were sought in the application which would indicate the amount of \$283.00 listed in the order was actually the 20% holdback for that application. Thus, based on Caplin & Drysdale's response, its total fees for the Sealed Air Proceedings would be \$970,215.50, rather than \$970,498.50. However, since the Sealed Air fees are beyond the scope of our review, we offer this only as an observation for informational purposes and recommend no reduction of Caplin & Drysdale's Sealed Air fees.

Prior Interim Applications

8. We note that we previously filed the following final reports for Caplin & Drysdale's prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Caplin & Drysdale's prior interim fee applications:

1st- 3rd Periods: Fee Auditor's Final Report Regarding Interim Application of Caplin

& Drysdale, Chartered for the First, Second and Third Interim Periods (Docket #2890), filed on or about October 28, 2002, in which we recommended approval of fees totaling \$334,596.00 and expenses totaling \$25,487.89, reflecting our recommended reduction of \$3,670.50 in fees, as further explained in paragraphs 10 and 11 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the First, Second and Third Periods, dated November 25, 2002 (Docket #3091).

4th Period: Fee Auditor's Final Report Regarding Fourth Interim Quarterly Fee Application of Caplin & Drysdale, Chartered (Docket #2459), filed on or about July, 29, 2002, in which we recommended approval of fees totaling \$280,646.00 and expenses totaling \$79,737.27, reflecting our recommended reductions of \$533.50 in fees and \$225.35 in expenses, as further explained in paragraphs 7 and 15 of that final report. The Court approved \$281,519.75 in fees and \$27,390.11 in expenses in the Order Approving Quarterly Fee Applications for the Fourth Period, dated October 9, 2002 (Docket #2797).

5th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Fifth Interim Period (Docket #3049), filed on or about November 21, 2002, in which we recommended approval of fees totaling \$287,454.00 and expenses totaling \$41,985.89, reflecting our recommended reductions of \$63,942.00 in fees and \$1,366.79 in expenses, as further explained in paragraphs 5, 11 and 12 of that final report. These

recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifth Period, dated November 25, 2002 (Docket #3092).

6th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Sixth Interim Period (Docket #3274), filed on or about January 24, 2003, in which we recommended approval of fees totaling \$245,620.00 and expenses totaling \$80,295.21, reflecting our recommended reductions of \$2,839.25 in fees and \$3,613.85 in expenses, as further explained in paragraphs 10, 11, 12, 13, 15, 16 and 17 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixth Period, dated March 14, 2003 (Docket #3511).

7th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Seventh Interim Period (Docket #3731), filed on or about May 1, 2003, in which we recommended approval of fees totaling \$88,420.00 and expenses totaling \$33,544.90, reflecting our recommended reductions of \$456.50 in fees and \$86.00 in expenses, as further explained in paragraphs 8, 9 and 10 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventh Period, dated July 28, 2003 (Docket #4157).

8th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Eighth Interim Period (Docket #4061), filed on or about July 15, 2003, in which we recommended approval of fees totaling \$33,930.00 and expenses totaling \$5,256.45. These recommendations were

adopted in the Order Approving Quarterly Fee Applications for the Eighth Period, dated September 22, 2003, (Docket #4480).

9th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Ninth Interim Period (Docket #4468), filed on or about September 23, 2003, in which we recommended approval of fees totaling \$27,752.50 and expenses totaling \$6,177.83, reflecting our recommended reduction of \$177.50 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Ninth Period, dated December 15, 2003 (Docket #4827).

10th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Tenth Interim Period (Docket #5043), filed on or about February 3, 2004, in which we recommended approval of fees totaling \$26,126.75 and expenses totaling \$1,346.97. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Tenth Period, dated April 26, 2004, (Docket #5482).

11th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications With No Fee or Expense Issues for the Eleventh Interim Period (Docket #5675), filed on or about June 1, 2004, in which we recommended approval of fees totaling \$62,774.50 and expenses totaling \$8,248.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eleventh Period, dated June 16, 2004 (Docket #5822).

- 12th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Twelfth Interim Period (Docket #6320), filed on or about September 3, 2004, in which we recommended approval of fees totaling \$54,409.50 and expenses totaling \$2,777.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twelfth Period, dated September 27, 2004 (Docket #6465).
- 13th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirteenth Interim Period (Docket #7013), filed on or about November 22, 2004, in which we recommended approval of fees totaling \$61,555.50 and expenses totaling \$1,181.06. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirteenth Period, dated January, 26, 2005 (Docket #7622).
- 14th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Fourteenth Interim Period (Docket #7973), filed on or about March 7, 2005, in which we recommended approval of fees totaling \$84,288.00 and expenses totaling \$5,279.58, reflecting our recommended reduction of \$27.40 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourteenth Period, dated March 22, 2005, (Docket #8081).

- 15th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Fifteenth Interim Period (Docket #8555), filed on or about June 6, 2005, in which we recommended approval of fees totaling \$216,217.00 and expenses totaling \$3,469.69, reflecting our recommended reduction of \$1,161.50 in fees, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifteenth Period, dated June 29, 2005, (Docket #8728).
- 16th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Sixteenth Interim Period (Docket #9352), filed on or about September 7, 2005, in which we recommended approval of fees totaling \$112,662.50 and expenses totaling \$9,358.61, reflecting our recommended reduction of \$232.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixteenth Period, dated September 27, 2005 (Docket #9513).
- 17th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Seventeenth Interim Period (Docket #11120), filed on or about November 21, 2005, in which we recommended approval of fees totaling \$220,879.25 and expenses totaling \$20,260.32, reflecting our recommended reduction of \$250.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order

Approving Quarterly Fee Applications for the Seventeenth Period, dated December 21, 2005 (Docket #11402).

18th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Eighteenth Interim Period (Docket #12015), filed on or about March 9, 2006, in which we recommended approval of fees totaling \$247,035.75 and expenses totaling \$15,488.72, reflecting our recommended reductions of \$3,337.50 in fees and \$1,203.13 in expenses, as further explained in paragraphs 3, 5, and 6 of that final report. The Court approved \$247,035.75 in fees and \$16,691.85 in expenses in the Order Approving Quarterly Fee Applications for the Eighteenth Period, dated March 27, 2006 (Docket #12121).

19th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Nineteenth Interim Period (Docket #12622), filed on or about June 9, 2006, in which we recommended approval of fees totaling \$399,778.75 and expenses totaling \$25,431.25, reflecting our recommended reduction of \$342.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Nineteenth Period, dated June 16, 2006 (Docket #12660).

20th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twentieth Interim Period (Docket #13113), filed on or about August 30, 2006, in which we recommended approval of fees totaling

\$414,458.00 and expenses totaling \$84,147.98, reflecting our recommended reduction of \$395.00 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twentieth Period, dated September 26, 2006 (Docket #13298).

21st Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twenty-First Interim Period (Docket #13966), filed on or about December 8, 2006, in which we recommended approval of fees totaling \$334,137.75 and expenses totaling \$140,737.24, reflecting our recommended reduction of \$3,794.00 in fees, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-First Period, dated December 19, 2006 (Docket #14069).

22nd Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twenty-Second Interim Period (Docket #14788), filed on or about March 7, 2007, in which we recommended approval of fees totaling \$501,495.75 and expenses totaling \$87,606.43. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Second Period, dated May 3, 2007 (Docket #15494).

23rd Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twenty-Third Interim Period (Docket #16004), filed on or about June 8, 2007, in which we recommended approval of fees totaling

\$626,799.00 and expenses totaling \$153,591.25, reflecting our recommended reductions of \$2,204.00 in fees and \$477.48 in expenses, as further explained in paragraphs 3, 4 and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Third Period, dated June 20, 2007 (Docket #16105).

24th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twenty-Fourth Interim Period (Docket #16774), filed on or about September 7, 2007, in which we recommended approval of fees totaling \$910,210.25 and expenses totaling \$149,003.15, reflecting our recommended reductions of \$3,646.25 in fees and \$1,478.32 in expenses, as further explained in paragraphs 4, 7, 8 and 9 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fourth Period, dated September 25, 2007 (Docket #16916).

25th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Twenty-Fifth Interim Period (Docket #17527), filed on or about December 3, 2007, in which we recommended approval of fees totaling \$1,033,708.50 and expenses totaling \$343,831.20, reflecting our recommended reductions of \$16,206.50 in fees and \$778.00 in expenses, as further explained in paragraphs 3, 4 and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Fifth Period, dated December 13, 2007 (Docket

#17629).

26th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Twenty-Sixth Interim Period (Docket #18234), filed on or about March 6, 2008, in which we recommended approval of fees totaling \$1,259,272.50 and expenses totaling \$627,824.70, reflecting our recommended reductions of \$5,290.25 in fees and \$5,086.90 in expenses, as further explained in paragraphs 3-10 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Sixth Period, dated March 12, 2008 (Docket #18270).

27th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Twenty-Seventh Interim Period (Docket #18924), filed on or about June 16, 2008, in which we recommended approval of fees totaling \$1,865,831.75 and expenses totaling \$424,121.90, reflecting our recommended reductions of \$7,620.75 in fees and \$6,418.13 in expenses, as further explained in paragraphs 3-9 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Seventh Period, dated June 23, 2008 (Docket #18989).

28th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Twenty-Eighth Interim Period (Docket #19577), filed on or about September 19, 2008, in which we recommended approval of fees

totaling \$2,185,322.25 and expenses totaling \$361,836.08, reflecting our recommended reductions of \$4,586.25 in fees and \$1,893.57 in expenses, as further explained in paragraphs 3, 4, 7 and 8 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Eighth Period, dated October 1, 2008 (Docket #19663).

29th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Twenty-Ninth Interim Period (Docket #20182), filed on or about December 3, 2008, in which we recommended approval of fees totaling \$514,116.50 and expenses totaling \$359,724.08, reflecting our recommended reduction of \$1,384.47 in expenses, as further explained in paragraphs 3, 4, 5 and 6 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twenty-Ninth Period, dated December 17, 2008 (Docket #20283).

30th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirtieth Interim Period (Docket #21063), filed on or about March 21, 2009, in which we recommended approval of fees totaling \$403,262.00 and expenses totaling \$20,326.98. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirtieth Period, dated April 2, 2009 (Docket #21173).

31st Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Thirty-First Interim Period (Docket #22046), filed on or

about June 10, 2009, in which we recommended approval of fees totaling \$730,454.25 and expenses totaling \$29,823.72, reflecting our recommended reduction of \$1,633.84 in expenses, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-First Period, dated July 7, 2009 (Docket #22354).

32nd Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Thirty-Second Interim Period (Docket #23242), filed on or about September 15, 2009, in which we recommended approval of fees totaling \$916,283.00 and expenses totaling \$52,305.70, reflecting our recommended reductions of \$3,270.00 in fees and \$54.00 in expenses, as further explained in paragraphs 3, 4 and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Second Period, dated September 28, 2009 (Docket #23352).

33rd Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Thirty-Third Interim Period (Docket #23870), filed on or about November 30, 2009, in which we recommended approval of fees totaling \$1,428,568.50 and expenses totaling \$216,159.35, reflecting our recommended reductions of \$192.00 in fees and \$744.07 in expenses, as further explained in paragraphs 5, 6 and 8 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee

Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).

34th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Thirty-Fourth Interim Period (Docket #24439), filed on or about March 11, 2010, in which we recommended approval of fees totaling \$1,997,400.50 and expenses totaling \$300,217.04, reflecting our recommended reductions of \$20,757.25 in fees and \$4,622.17 in expenses, as further explained in paragraphs 5, 7, 9, 10, 11 and 13 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fourth Period, dated March 19, 2010 (Docket #24470).

35th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered, for the Thirty-Fifth Interim Period (Docket #24855), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$867,211.25 and expenses totaling \$146,715.81, reflecting our recommended reductions of \$1,032.50 in fees and \$626.11 in expenses, as further explained in paragraphs 3, 4 and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).

36th Period: Fee Auditor's Final Report Regarding Fee Application of Caplin & Drysdale, Chartered for the Thirty-Sixth Interim Period (Docket #25335), filed on or about September 3, 2010, in which we recommended approval of fees

totaling \$249,576.25 and expenses totaling \$14,803.80, reflecting our recommended reduction of \$137.53 in expenses, as further explained in paragraph 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).

37th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Seventh Interim Period (Docket #25850), filed on or about December 2, 2010, in which we recommended approval of fees totaling \$72,338.00 and expenses totaling \$5,357.30. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).

38th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$31,924.50 and expenses totaling \$2,988.21. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).

39th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Ninth Interim Period (Docket #27116), filed on or about June 21, 2011, in which we

recommended approval of fees totaling \$44,919.50 and expenses totaling \$168.16. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Ninth Period, dated June 30, 2011 (Docket #27188).

40th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$154,283.25 and expenses totaling \$3,906.41. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011 (Docket #27622).

41st Period: Fee Auditor's Final Report Regarding Forty-First Interim Fee Application of Caplin & Drysdale, Chartered (Docket #27746), filed on or about October 10, 2011, in which we recommended approval of fees totaling \$677,126.75 and expenses totaling \$27,502.52, reflecting our recommended reduction of \$41.40 in expenses, as further explained in paragraph 7 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-First Period, dated December 14, 2011 (Docket #28150).

42nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we

recommended approval of fees totaling \$77,203.50 and expenses totaling \$2,990.56. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

43rd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Third Interim Period (Docket #28900), filed on or about May 9, 2012, in which we recommended approval of fees totaling \$105,965.00 and expenses totaling \$4,914.17. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Third Period, dated June 14, 2012 (Docket #29054).

44th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fourth Interim Period (Docket #29449), filed on or about August 13, 2012, in which we recommended approval of fees totaling \$207,950.00 and expenses totaling \$3,744.50. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fourth Period, dated October 19, 2012 (Docket #29746).

45th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$94,862.75 and expenses

totaling \$4,092.90. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we recommended approval of fees totaling \$103,136.00 and expenses totaling \$7,716.73, reflecting our recommended reduction of \$62.10 in expenses, as further explained in paragraph 12 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period, dated March 27, 2013 (Docket #30440).

47th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$214,437.00 and expenses totaling \$7,651.86. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

48th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Eighth Interim Period (Docket #31080), filed on or about September 6, 2013, in which we

recommended approval of fees totaling \$240,922.00 and expenses totaling \$1,816.44. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Eighth Period, dated September 24, 2013 (Docket #31158).

49th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Ninth Interim Period (Docket #31404), filed on or about November 26, 2013, in which we recommended approval of fees totaling \$135,435.50 and expenses totaling \$867.96. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17, 2013 (Docket #31482).

50th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fiftieth Interim Period (Docket #31838), filed on or about March 11, 2014, in which we recommended approval of fees totaling \$42,385.00 and expenses totaling \$346.71. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fiftieth Period, dated March 11, 2014 (Docket #31963).

51st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$69,764.50 and expenses

totaling \$79.71. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

9. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods, except for the Eighteenth Interim Period. In the fee order which was submitted to the Court for the Eighteenth Interim Period, Caplin & Drysdale's approved expenses were listed as \$16,691.85, however, the approved expenses should have been \$16,569.16, for a difference of \$122.69.³ Thus, we recommend that Caplin & Drysdale's final expense request be reduced by \$122.69 to correct the error.

Fees for Elizabeth Warren

10. We note that in addition to its final fee and expense request, but not included in its total fees and expenses, Caplin & Drysdale has requested final approval of fees totaling \$4,725.00 for the services of its bankruptcy consultant, Elizabeth Warren. We note that the Court previously approved \$1,687.50 for Elizabeth Warren's fees for January 17-31, 2002.⁴ In response to our inquiry, Caplin & Drysdale advised that the applications for the remaining fees totaling \$3,037.50 had been filed in the Sealed Air Proceedings, but not in the main bankruptcy case. We noted that

³Due to a clerical oversight, the amount listed on the order for Caplin & Drysdale's approved expenses did not reflect our recommended reductions of \$1,203.13. However, upon further review of our final report and Caplin & Drysdale's application for that period, we determined that the correct amount of expense reductions was \$122.69, not \$1,203.13. We brought this to Caplin & Drysdale's attention, and Caplin & Drysdale agreed to the \$122.69 reduction.

⁴See Order Approving Quarterly Fee Applications for the Fourth Period, dated October 9, 2002 (Docket #2797), p. 8.

these fees had not been approved by the Court in the Sealed Air Proceedings, and we therefore asked Caplin & Drysdale for copies of the applications. Those applications cover the months of September and October 2002 and are attached as Response Exhibits 2 and 3, respectively. We reviewed the applications and have no objection to the fees requested. Thus, we recommend approval of \$3,037.50 in fees for the services of Caplin & Drysdale's bankruptcy consultant, Elizabeth Warren, for the period of September 1, 2002 through October 31, 2002.

CONCLUSION

11. Thus, we recommend final approval of \$21,394,084.25 in fees (\$22,510,174.75⁵ minus \$145,542.00⁶ and excluding Sealed Air fees of \$970,548.50)⁷ and \$3,901,565.44 in expenses (\$3,932,840.61⁸ minus \$31,275.17)⁹ for Caplin & Drysdale's services for the Final Application Period. In addition, we recommend final approval of \$4,725.00 in fees for the services of Caplin &

⁵We note that the total of the fees requested in Caplin & Drysdale's 49 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, and the fees awarded in the Sealed Air Adversary Proceedings (*see* paragraph 6), is \$22,510,174.75. It does not appear that Caplin & Drysdale has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure it seeks of \$22,510,174.75. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁶This is the total of the Court-approved reductions for the prior interim periods, not previously deducted by Caplin & Drysdale. *See* paragraph 8.

⁷*See* paragraph 6.

⁸We note that the total of the expenses requested in Caplin & Drysdale's 49 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$3,932,840.61. It does not appear that Caplin & Drysdale has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure it seeks of \$3,932,840.61. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁹This amount includes the total Court-approved reductions for the prior interim periods of \$31,152.48 (*see* paragraph 8), plus our recommended reduction of \$122.69 to correct the error in the Eighteenth Interim fee order (*see* paragraph 9).

Drysdale's bankruptcy consultant, Elizabeth Warren, for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 2nd day of August, 2014.



Warren H. Smith

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